

ASSEMBLY BILL

No. 2626

Introduced by Assembly Member Jones

February 19, 2010

An act to add Sections 12921.65 and 12964 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2626, as introduced, Jones. Insurance: commissioner: filings: reporting.

Existing law requires the Insurance Commissioner to approve or disapprove certain insurance rates and insurance policies. Existing law requires the commissioner to make certain reports annually to the Governor and the Legislature.

This bill would require the commissioner, within 45 days of insurance rate change applications or policy filings for specified insurance types, to notify the insurer of any known defects in its filings. The bill would require that, beginning January 1, 2012, and annually thereafter, the commissioner report specified information concerning insurance rate change applications and policy filings to the Department of Finance.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to do all of the
2 following:

1 (a) Increase the speed the Department of Insurance takes to
2 approve and disapprove insurance rate change applications and
3 policy filings by insurers.

4 (b) Increase the completeness of the insurance rate change
5 applications and policy filings by insurers with the department.

6 (c) Identify the true costs to the department associated with
7 approving and disapproving insurance rate change applications
8 and policy filings by insurers.

9 SEC. 2. Section 12921.65 is added to the Insurance Code, to
10 read:

11 12921.65. (a) Within 45 days of an insurance rate change
12 application or policy filing, for the insurance types described in
13 subdivision (b), the commissioner shall notify the insurer of any
14 known defects in its filing.

15 (b) This section shall only be applicable to all of the following
16 insurance types:

17 (1) Reinsurance, other than joint reinsurance to the extent stated
18 in Article 5 (commencing with Section 1856) of Chapter 9 of Part
19 2 of Division 1.

20 (2) Life insurance.

21 (3) Insurance of vessels or craft, their cargoes, marine builders'
22 risks, marine protection and indemnity, or other risks commonly
23 insured under marine, as distinguished from inland marine,
24 insurance policies. Inland marine insurance shall be deemed to
25 include insurance now or hereafter defined by statute, or by
26 interpretation thereof, or if not so defined or interpreted, by ruling
27 of the commissioner or as established by general custom of the
28 business, as inland marine insurance.

29 (4) Title insurance.

30 (5) Disability insurance.

31 (6) Workers' compensation insurance and insurance of any
32 liability of employers for injuries to, or death of, employees arising
33 out of, and in the course of, employment when this insurance is
34 incidental to, and written in connection with, the workers'
35 compensation insurance issued to the same employer and covering
36 the same employer interests.

37 (7) Mortgage insurance.

38 (8) Insurance transacted by county mutual fire insurers or county
39 mutual fire reinsurers.

40 SEC. 3. Section 12964 is added to the Insurance Code, to read:

1 12964. Beginning on January 1, 2012, and annually thereafter,
2 the commissioner shall report to the Department of Finance all of
3 the following:

4 (a) The length of time it takes to approve and disapprove rate
5 change applications and policy filings.

6 (b) The number of department personnel necessary to comply
7 with the time frames required by this code to fulfill these functions.

8 (c) The additional personnel, if any, needed to comply with any
9 applicable statutory time limits.

10 (d) The total costs associated with approving and disapproving
11 rate change applications and policy filings in the previous year.

12 (e) The total costs associated with approving and disapproving
13 rate change applications necessary to meet all statutory time limits.